

Message Text

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ACTION EUR-12

INFO OCT-01 EA-09 ISO-00 AID-05 CIAE-00 COME-00 EB-08
FRB-01 INR-07 NSAE-00 USIA-15 XMB-04 OPIC-06 SP-02
LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04 CEA-01
DODE-00 PA-02 PRS-01 L-03 H-02 /109 W
-----011624 092863 /45

R 011519Z MAR 77
FM AMEMBASSY BONN
TO SECSTATE WASHDC 6046
DEPARTMENT TREASURY
INFO AMEMBASSY BERN
AMEMBASSY BRUSSELS
AMEMBASSY LONDON
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY TOKYO
USMISSION EC BRUSSELS
USMISSION OECD PARIS
AMCONSUL FRANKFURT

UNCLAS SECTION 01 OF 02 BONN 03690

DEPARTMENT PASS FEDERAL RESERVE

E. O. 11652: N/A
TAGS: EFIN, GW
SUBJECT: FINANCIAL DEVELOPMENTS (WEEK ENDING FEBRUARY 28)

REF.: BONN 3516 AND BONN 1461

1. FOREIGN EXCHANGE MARKET:
DURING THE PERIOD UNDER REVIEW FRANKFURT SPOT AND
FORWARD DOLLAR RATES DEVELOPED AS FOLLOWS:

FORWARD DOLLARS
SPOT DOLLARS (IN PCT. PER ANNUM)
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OPENING FIXING CLOSING ONE-MONTH THREE-MONTH

FEB 21	2.3930	2.3923	2.3910	-0.4	-0.6
22	2.3895	2.3904	2.3904	-0.3	-0.6
23	2.3970	2.3982	2.3950	-0.4	-0.5
24	2.40LO	2.4053	2.4035	-0.5	-0.6
25	2.3980	2.3950	2.3935	-0.6	-0.6

28 2.3960 2.3947 2.3924 -0.4 -0.6
 MAR 1 2.3882 2.3890 N.A. N.A. N.A.

THE GERMAN FINANCIAL PRESS ATTRIBUTED THE STRENGTHENING OF THE DOLLAR BEFORE FEBRUARY 25 TO RECENT REMARKS ON THE U.S. ECONOMY MADE BY THE CHAIRMAN OF THE FEDERAL RESERVE BOARD BURNS. THE FOLLOWING DOLLAR DECLINE WAS ATTRIBUTED TO A RECENT STUDY OF THE GERMAN IFO ECONOMIC RESEARCH INSTITUTE. IFO CONCLUDED THAT THE LAST DM REVALUATION MADE IN CONNECTION WITH THE OCTOBER 1976 SNAKE REALIGNMENT WAS TOO LOW SO THAT THIS YEAR ANOTHER DM REVALUATION MIGHT BE POSSIBLE. (THE POSITION OF THE DEUTSCHEMARK WITHIN THE SNAKE, HOWEVER, REMAINED UNAFFECTED BY THE STUDY.) THE JANUARY GERMAN TRADE DATA (SEE BONN 3516) APPEAR TO HAVE HAD NO SIGNIFICANT EFFECT ON THE DEUTSCHEMARK RATE.

2. MONEY MARKET:

IN LATE FEBRUARY THE GERMAN CALL MONEY MARKET REMAINED RATHER TIGHT WITH THE CALL MONEY RATE BEING AT OR SLIGHTLY ABOVE THE 4 1/2 PERCENT LOMBARD RATE. THE MINOR MID-FEBRUARY TAX DATE AND BORROWINGS BY PUBLIC AUTHORITIES APPEAR TO BE PRINCIPAL FACTORS REDUCING BANK LIQUIDITY. DURING THE REPORTING WEEK FRANKFURT INTERBANK MONEY RATES DEVELOPED AS FOLLOWS:

CALL MONEY ONE-MONTH THREE-MONTH

FEB 21 4.3-4.5 4.25 4.65

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22	4.4-4.6	4.25	4.65
23	4.5-4.7	4.25	4.65
24	4.5-4.7	4.40	4.70
25	4.4-4.6	4.40	4.70
28	4.5-4.7	4.40	4.70

3. BOND MARKET:

CONDITIONS ON THE MARKET FOR DOMESTIC BONDS REMAINED RATHER UNCHANGED. ON MARCH 2, THE FEDERAL GOVERNMENT WILL OFFER A DM 700 MILLION LOAN CARRYING A COUPON OF 7 PERCENT, AN ISSUE PRICE OF 100 AND A MATURITY OF 7 YEARS. THE LAST PUBLIC LOAN, A DM 900 MILLION LOAN OF THE FEDERAL RAILWAYS WAS OFFERED WITH A COUPON OF 7 PERCENT, A MATURITY OF 10 YEARS AND AN ISSUE PRICE OF 99 1/2 (YIELD TO MATURITY 7.07 PERCENT - SEE BONN 1461). THE MARKET APPEARS TO HAVE FAVORABLE REACTED TO THE SHORTER MATURITY OF THE LOAN AND ITS RELATIVELY SMALL VOLUME. REPORTEDLY THE LOAN IS CURRENTLY TRADED AMONG BANKS AT OR SLIGHTLY BELOW PAR. ACCORDING TO THE PRESS,

AVERAGE CURRENT YIELDS ON DOMESTIC BONDS BROKEN DOWN
BY REMAINING MATURITY ARE AS FOLLOWS:

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LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04 CEA-01
DODE-00 PA-02 PRS-01 L-03 H-02 /109 W
-----011624 092874 /45

R 011519Z MAR 77
FM AMEMBASSY BONN
TO SECSTATE WASHDC 6047
DEPARTMENT TREASURY
INFO AMEMBASSY BERN
AMEMBASSY BRUSSELS
AMEMBASSY LONDON
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY TOKYO
USMISSION EC BRUSSELS
USMISSION OECD PARIS
AMCONSUL FRANKFURT

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REMAINING MATURITY
(YEARS) 1 3 5 7 9 10

YIELD TO MATURITY
FEB 25 5.05 6.30 6.75 7.00 7.20 7.25
FEB 18 5.10 6.35 6.80 7.00 7.20 7.25

4. FOREIGN DM LOANS:
THE DM 100 MILLION LOAN OF THE NORWEGIAN NORGES
KOMMUNALBANK (SEE BONN 3516) WILL BE OFFERED AT A
COUPON OF 7 PERCENT, AN ISSUE PRICE OF 100 AND A MATURITY
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OF 12 YEARS. THE MEXICAN NATIONALE FINANCIERA S.A. PLANS TO OFFER ANOTHER DM 100 MILLION LOAN. THE COUPON IS EXPECTED TO BE 8 3/4 PERCENT, THE MATURITY 7 YEARS. THE SUBCOMMITTEE FOR FOREIGN DM LOANS OF THE CENTRAL CAPITAL MARKET COMMITTEE REPORTEDLY HAS DECIDED TO OFFER IN MARCH FOREIGN DM LOANS IN A VOLUME OF DM 900 MILLION WITHOUT GIVING MUCH DETAILS ON THE BORROWERS. ONE OF THE BORROWERS WILL REPORTEDLY BE THE BRAZILIAN BANCO NACIONAL DE DESENVOLVIMIENTO ECONOMICO (BNDE) (DM 100 MILLION).

5. \$1.5 BILLION CREDIT TO THE U.K.:

FOUR GERMAN BANKS ARE PARTICIPATING WITH \$150 MILLION EACH IN THE \$1.5 BILLION CREDIT GRANTED BY AN INTERNATIONAL BANKING CONSORTIUM TO THE UNITED KINGDOM. THE FOUR GERMAN BANKS ARE THE BIG THREE, DEUTSCHE, DRESDNER AND COMMERZBANK AND THE WESTDEUTSCHE LANDESBANK, THE CENTRAL INSTITUTION OF THE NORTHRHINE-WESTPHALIAN SAVINGS BANKS. THE CREDIT HAS A MATURITY OF 7 YEARS. IN THE FIRST TWO YEARS THE INTEREST RATE IS 7/8 PERCENT ABOVE LIBOR, IN THE REMAINDER 1 PERCENT ABOVE. THE U.K. WILL REPORTEDLY USE \$1 BILLION OF THE CREDIT IMMEDIATELY, THE REMAINING \$500 MILLION IN 6 MONTHS.

6. ECONOMIC INDICATORS PUBLISHED THIS WZ K:

NON-SEASONALLY ADJUSTED
BUNDESBANK DATA (1)

SEPTEMBER ECEMBER PERCENTAGE CHANGE
(DM BILLION) OVER DECEMBER 1975

BUSINESS LOANS 411.8 427.2 7.9
INSTALMENT AND OTHER
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CONSUMER CREDITS 92.5 98.9 25.2
MORTGAGE DEBT 216,6 220.1 5.6
(1) REPORTED ONLY ON A QUARTERLY BASIS.

CASH

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC CONDITIONS, FINANCIAL STABILITY, FINANCIAL PROGRAMS, FOREIGN EXCHANGE RATES
Control Number: n/a
Copy: SINGLE
Sent Date: 01-Mar-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977BONN03690
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770070-0437
Format: TEL
From: BONN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t197703107/aaaadqfp.tel
Line Count: 222
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: b10f28ad-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: UNCLASSIFIED
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Original Previous Classification: n/a
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Retention: 0
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Review Content Flags:
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SAS ID: 2955177
Secure: OPEN
Status: NATIVE
Subject: FINANCIAL DEVELOPMENTS (WEEK ENDING FEBRUARY 28)
TAGS: EFIN, GE
To: STATE TRSY
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vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/b10f28ad-c288-dd11-92da-001cc4696bcc
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